

# CPP ANNUAL USE OF CAPITAL SURVEY - 2010



NAME OF INSTITUTION

(Include Holding Company Where Applicable)

First Independence Corporation

Point of Contact:	Jeffery Sugg	RSSD: (For Bank Holding Companies)	1134564
UST Sequence Number:	1030	Docket Number: (For Thrift Holding Companies)	
CPP/CDCI Funds Received:	3,223,000	FDIC Certificate Number: (For Depository Institutions)	20179
CPP/CDCI Funds Repaid to Date:		Credit Union Charter Number: (For Credit Unions)	
Date Funded (first funding):	N/A	City:	Detroit
Date Repaid <sup>1</sup> :	N/A	State:	Michigan

<sup>1</sup>If repayment was incremental, please enter the most recent repayment date.

American taxpayers are quite interested in knowing how banks have used the money that Treasury has invested under the Capital Purchase Program (CPP) and Community Development Capital Initiative (CDCI). To answer that question, Treasury is seeking responses that describe generally how the CPP/CDCI investment has affected the operation of your business. We understand that once received, the cash associated with TARP funding is indistinguishable from other cash sources, unless the funds were segregated, and therefore it may not be feasible to identify precisely how the CPP/CDCI investment was deployed or how many CPP/CDCI dollars were allocated to each use. Nevertheless, we ask you to provide as much information as you can about how you have used the capital Treasury has provided, and how your uses of that capital have changed over time. Treasury will be pairing this survey with a summary of certain balance sheet and other financial data from your institution's regulatory filings, so to the extent you find it helpful to do so, please feel free to refer to your institution's quarterly call reports to illustrate your answers. This is your opportunity to speak to the taxpayers in your own words, which will be posted on our website.

**What specific ways did your institution utilize CPP/CDCI capital? Check all that apply and elaborate as appropriate, especially if the uses have shifted over time. Your responses should reflect actions taken over the past year (or for the portion of the year in which CPP/CDCI funds were outstanding).**

☒ **Increase lending or reduce lending less than otherwise would have occurred.**

In general, the Corporation was able to increase its lending because of the TARP funding it received in 2009. We funded over \$300 million in residential loans and \$30 million in commercial loans.

☒ **To the extent the funds supported increased lending, please describe the major type of loans, if possible (residential mortgage loans, commercial mortgage loans, small business loans, etc.).**

The TARP funding allowed the bank to fund over \$300 million in residential loans and \$16 million in commercial loans.

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☐ Increase securities purchased (ABS, MBS, etc.).

☐ Make other investments.

☒ Increase reserves for non-performing assets.

The TARP funding allowed the Corporation to aggressively address it's non-performing assets.

☐ Reduce borrowings.

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☐ Increase charge-offs.

☒ Purchase another financial institution or purchase assets from another financial institution.

In general, the TARP funding allowed the bank to purchase certain assets from the FDIC (Residential loans at a discount and a modern building that will someday be used as a full service branch office and general office space).

☐ Held as non-leveraged increase to total capital.

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### What actions were you able to avoid because of the capital infusion of CPP/CDCI funds?

The Board of Directors have adopted a resolution to maintain an 8% tier one capital ratio at First Independence Bank. The TARP funds provided the financial resources to meet this commitment during 2010. Maintaining a strong capital position is very important to the Board of Directors given the uncertain economic times.

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### What actions were you able to take that you may not have taken without the capital infusion of CPP/CDCI funds?

Providing badly needed liquidity into the residential mortgage arena and the commercial loan markets. The Bank acquired a wholesale mortgage lending operation in 2009. The TARP funds provided a strong financial base to fund over \$300 million in residential mortgages and also secure strong loan investor relationships. The TARP funds also provided a strong financial base to originate over \$16 million in commercial loans secured by equipment.

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**Please describe any other actions that you were able to undertake with the capital infusion of CPP/CDCI funds.**

The Corporation / Bank operates in an economically distressed market of Detroit, Michigan. The Bank has operated in many of facilities for over 30 years. These facilities are aged and very expensive to operate efficiently. The financial strength provided by TARP funds allowed the bank to purchase a building from the FDIC (former headquarters of a failed bank). The building is relatively modern and has a full service branch within the building including a drive-through. The bank paid \$1.5 million for building and expects to open the branch portion in 2011 and also consolidate some operations into the building. The consolidation of certain operations into the building will eventually save the bank significant occupancy costs as the other facilities come off lease.